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MONTANA MEDICAL - LEGAL PANEL

HELENA, MONTANA

AUDIT REPORT

FOR THE YEARS DECEMBER 31, 1992 AND 1991

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HELENA, MONTANA

AUDIT REPORT

FOR THE YEARS DECEMBER 31, 1992 AND 1991

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

DEPUTY LEGISLATIVE AUDITORS:
MARY BRYSON
Operations and EDP Audit
JAMES GILLETT
Financial-Compliance Audit
JIM PELLEGRINI
Performance Audit

September 1993

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Medical-Legal Panel, Montana Supreme Court, for the year ended December 31, 1992.

The audit was conducted by Newland and Company under a contract between the firm and our office. The comments contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Sincerely,

Scott A. Seacat
Legislative Auditor

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MONTANA MEDICAL-LEGAL PANEL

ADMINISTRATIVE OFFICIALS

G. Brian Zins	Director
Lavonne J. Arnold	Assistant Director

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A Professional Corporation

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Shareholders
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Dennis W Peck CPA
Ronald W Hanni CPA
John F Burns, CPA
Richard L Tamblyn, CPA
Michael F Johns, CPA
Patrick J Burt, CPA

CPA'S
Debbie Anderson-Ouellette
Richard J Lyons
Nancy A Clark

Of Counsel
John N Newland, CPA
William B Horn, CPA

INDEPENDENT AUDITOR'S REPORT

Mr. G. Brian Zins, Director
Montana Medical - Legal Panel
2021 Eleventh Ave.
Helena, Montana 59601

We have audited the accompanying statements of assets, liabilities, and surplus arising from cash transactions of the Montana Medical - Legal Panel as of December 31, 1992 and 1991, and the related statements of revenues collected, expenses paid and changes in surplus arising from cash transactions for the years then ended. These financial statements are the responsibility of the Panel's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As described in Note 1, the Panel's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and surplus of Montana Medical - Legal Panel as of December 31, 1992 and 1991, and its revenue, expenses, and changes in surplus for the years then ended, on a basis of accounting described in Note 1.

Newland and Company
NEWLAND AND COMPANY
A Professional Corporation

Dillon, Montana
August 17, 1993

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

STATEMENTS OF ASSETS, LIABILITIES AND SURPLUS
ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 1992 AND 1991

ASSETS

	1992	1991
Current assets:		
Cash in bank	$ 96,989	$ 48,468
Other receivables	150	178
Total current assets	$ 97,139	$ 48,646

LIABILITIES AND SURPLUS

Surplus:		
Surplus	$ 97,139	$ 48,646
Total liabilities and surplus	$ 97,139	$ 48,646

See accompanying notes to financial statements.

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID AND CHANGES IN SURPLUS ARISING FROM CASH TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

	1992	1991
Income:		
Assessment fees	$367,760	$354,377
Interest income	5,972	8,580
Miscellaneous income	375	350
Total income	374,107	363,307
Expenses:		
Telephone	5,715	6,073
Office supplies	1,763	2,790
Computer software	6,418	11,114
Postage	8,420	9,442
Record reproduction costs	18,362	14,335
Medical record and x-ray charges	7,714	6,017
Panelist hearing time	55,244	61,257
Panelist preparation and travel time	26,988	28,073
Panelist travel	31,471	29,823
Panel legal counsel	4,835	23,308
Administrative (Note 2)	151,680	130,792
Miscellaneous	7,004	6,908
Total expenses	325,614	329,932
Net income (loss)	48,439	33,375
Surplus, January 1st	48,646	15,271
Surplus, December 31st	$ 97,139	$ 48,646

See accompanying notes to financial statements.

MONTANA MEDICAL - LEGAL PANEL
HELENA, MONTANA

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1992 AND 1991

Note 1. ACCOUNTING POLICIES

Organization

The Panel was established by the "Montana Medical Legal Panel Act", as authorized by Section 27-6-101 and 704 M.C.A. The Panel is attached to the Montana Supreme Court for administrative purposes only, except that 2-15-121 (2) M.C.A. does not apply.

Cash Basis

The Panel follows the cash basis of accounting whereby items of expense are recognized as cash is paid and revenues are recognized when cash is received.

Note 2. RELATED PARTIES

G. Brian Zins is director for both the Montana Medical Association and the Montana Medical Legal Panel.

The Montana Medical Association bills the Montana Medical Legal Panel for services provided to that organization. The billings were $151,680 and $130,792 for 1992 and 1991, respectively.

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AUDITOR'S REPORT ON COMPLIANCE

Mr. G. Brian Zins, Director
Montana Medical - Legal Panel
2021 Eleventh Avenue
Helena, Montana 59601

We have audited the financial statements of the Montana Medical Legal Panel, for the years ended December 31, 1992 and 1991, and have issued our report thereon dated August 17, 1993.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Montana Medical Legal Panel is the responsibility of the Montana Medical Legal Panel's managemnt. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Montana Medical Legal Panel's compliance with certain provisions of laws and regulations. We specifically tested the Panel's compliance with funding provision provided in 27-6-206, M.C.A.. Our audit, as provided for in 27-6-207, M.C.A. made a determination of the adequacy, sufficiency, and reasonableness of the annual surcharge or assessment provided for in 27-6-206, M.C.A.. Our determination was that the Panel complied with the provisions of 27-6-206, M.C.A.. However the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that with respect to the items tested, the Montana Medical Legal Panel complied, in all material respects, with those provisions referred to in paragraph three. With respect to items not tested, nothing came to our attention that caused us to believe that the Montana Medical Legal Panel had not complied, in all material respects, with those provisions.

This report is intended for the information of the legislative audit committee and management. However, this report is a matter of public record and its distribution is not limited.

Newland and Company

NEWLAND AND COMPANY
A Professional Corporation

Dillon, Montana
August 17, 1993